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| **TEXAS CTE LESSON PLAN**[www.txcte.org](http://www.txcte.org) |
| **Lesson Identification and TEKS Addressed** |
| **Career Cluster** | Business Management & Administration |
| **Course Name** | Business Law |
| **Lesson/Unit Title** | Business Law: Legal Capacity to Contract |
| **TEKS Student Expectations** | **130.134. (c) Knowledge and Skills**(4) The student identifies the principles of contracts in business: The student is expected to(A) explain the classes of contracts;(B) cite methods of offer and acceptance;(C) explain the different capacities to contract;(D) examine the concepts of consideration;(E) describe defective agreements; and (F) describe illegal agreements and researches negotiable instruments. |
| **Basic Direct Teach Lesson**(Includes Special Education Modifications/Accommodations and one English Language Proficiency Standards (ELPS) Strategy) |
| **Instructional Objectives** | * Upon completion of this lesson, the student will be able to define legal capacity and the role of capacity in organizations.
* Students will identify parties who lack contractual capacity.
* Students will explain the role of capacity in organizations.
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| **Rationale** | Students entering the business workplace must have knowledge of the principles of contracts, methods of offer and acceptance, and the different capacities to contracts. |
| **Duration of Lesson** | When taught as written, this lesson should take approximately 2‐3 days to teach.  |
| **Word Wall/Key Vocabulary***(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | * Contractual capacity ‐ the ability to understand that a contract is being made and its general meaning.
* Age of majority ‐ the age at which a person can be legally bound to contracts.
* Minor ‐ a person who has not reached the age of majority, which is usually 18.
* Disaffirmance ‐ ending a contract when both parties give back the consideration.
* Necessaries ‐ things needed to maintain life and lifestyle.
* Emancipation ‐ the severing of the child‐parent relationship.
* Mental incapacity ‐ not having the ability to understand the consequences of contractual acts.
* Intoxication ‐ mental impairment caused by voluntary use of alcohol, drugs, or inhalants.
* Scope of authority ‐ within the range of acts an organization has authorized a party to do.
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| **Materials/Specialized Equipment Needed** | * Internet
* Lacking Capacity Presentation Assignment#1
* Lacking Capacity Presentation Rubric
* Emancipated Minors Poster Assignment #2
* Emancipated Minors Poster Assignment #2 Rubric
* Case Study – Assignment #3 “Wholesale Flowers”
* Construction paper
* Scissors and glue
* Poster board
* Current newspapers
* Computers for students to complete projects
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| **Anticipatory Set**(May include pre-assessment for prior knowledge) | See handout. |
| **Direct Instruction \*** | 1. What is Capacity?
	1. Contractual capacity ‐ the ability to understand the consequences of a contract
	2. Protections for Those Who Lack Capacity (Incapacitated)
		1. Minors (**NOTE**: Since minors do not have the capacity to be bound by contractual agreements, they will need a co‐signer who legally can be bound by the agreement. Many students start college as a minor. They will be bound to apartment rental agreements since housing is a necessity.)
			1. age of majority is 18 in most states
			2. age of majority is 19 or 21 in a few states
			3. minors have yet reached the age of majority
			4. minority ends the day before the birthday of the age set as the age of majority
			5. contracts of most parties who lack capacity are considered voidable
			6. disaffirmance ‐ refusal to be bound by a previous legal commitment
			7. minors must pay at least a reasonable value for necessaries (food, clothing, and shelter even if they disaffirm the actual purchase contract
2. emancipation ‐ severing of the child‐ parent relationship (ends the duty of the parent to support a child and the duty of the child to obey the parent (NOTE: Emancipation of a minor can be the result of many different situations. Once a person is emancipated, they will have the contractual responsibilities of an adult.)
	* + - 1. The parent and minor agree that the parent will cease support.
				2. The minor marries.
				3. The minor moves out of the family home.
				4. The minor becomes a member of the armed forces.
				5. The minor gives birth.
				6. The minor undertakes full‐time employment.
3. Those mentally Incapacitated
	* + 1. person lacks the ability to understand the consequences of his or her contracts
			2. people with severe mental illness, severe mental retardation, or severe senility lack capacity
			3. person ruled as permanently insane has mental incapacity
4. The Intoxicated (NOTE: An intoxicated person lacks capacity to be bound by a contractual agreement. Using intoxication as a defense for not being bound by a contract is very embarrassing. Intoxication can be in the form of alcohol or drugs.)
	* + 1. from using alcohol in forms such as beer or vodka
			2. from using drugs such as marijuana or crack cocaine, or inhaling products such as glue or aerosols
5. Who Has Contractual Capacity in Organizations? (NOTE: Power of attorney gives an individual authority to sign for/bind an organization. The vice president for marketing director of a company may have the power to sign binding contracts in the name of the business.)
	1. Someone who has capacity ‐ is within his or her scope of authority
	2. When the organization leads others to believe that a person has certain authority
	3. When an employer tells an employee that they are authorized to bind the organization
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| **Guided Practice \*** | The teacher will explain contractual capacity of individuals and organizations.Students will gain a better understanding about contracts and when they can be legally bound to a contract.Ask students to give three situations that will require them to sign a binding agreement at an early age. Answers may include college loan, car loan, or an apartment lease. Explain how the apartment lease involves shelter (necessity for life) and does not require the co‐signature to bind the minor. The car loan and college loan will probably require the minor to have a co‐signature. |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | * **Lacking Capacity Presentation:** Design a presentation that shows which groups of individuals lack thecapacity to be bound by a contract. The presentation should include politically correct and appropriate for classroom use pictures and captions. This project will be evaluated with the associated rubric.
* **Emancipated Minors Poster:** Design a poster that illustrates six informal means of emancipation for aminor. The poster should include pictures and text. This project will be evaluated with the associated rubric.
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| **Lesson Closure** | See handout |
| **Summative / End of Lesson Assessment \*** | **Informal Assessment*** Instructor will observe students during Independent Practice.
* Instructor will assist students as needed.

**Formal Assessment**Project #1 and project #2 assigned for Independent Practice will be evaluated with the assigned rubrics.Project #3 will be evaluated for completion.Lesson Closure Exam |
| **References/Resources/****Teacher Preparation** | * Local newspapers
* Television Network Newscasts and the Internet
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| **Additional Required Components** |
| **English Language Proficiency Standards (ELPS) Strategies** |  |
| **College and Career Readiness Connection[[1]](#footnote-1)** | **College Readiness and Study Skills*** 110.48(b)(2)(A). The student is expected to expand vocabulary through wide reading, viewing, listening, and discussion.
* 110.48(b)(2)(F). The student is expected to use context to determine meanings of words and phrases such as figurative language, idiomatic expressions, homonyms, and technical vocabulary.
* 110.54(b)(4)(D). The student is expected to summarize texts by identifying main ideas and relevant details.
* 110.47(b)(7)(A). The student is expected to read silently or orally such as paired reading or literature circles
	+ for sustained periods of time.

**Economics**118.4(c)(17)(A). The student understands the role of financial markets/institutions in saving, borrowing, and capital formation. The student is expected to explain the functions of financial institutions and how they affect households and businesses. |
| **Recommended Strategies** |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy****Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** | * Lacking Capacity Presentation Assignment#1/Rubric
* Emancipated Minors Poster Assignment #2/Rubric
* Case Study – Assignment #3 “Wholesale Flowers”/Key
* Anticipatory Set
* Guided Practice Case Assessment
* Lesson Closure Exam/Key
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| **Writing Strategies****Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication****90 Second Speech Topics** |  |
| **Other Essential Lesson Components** |
| **Enrichment Activity**(e.g., homework assignment) | Write scenarios that depict enforceable and unenforceable contracts involving minors or others lacking contractual capacity on index cards. Divide the class into small groups and have each group choose a card. Then each group must perform a skit based on the situation on their card. Discuss why the contract depicted is or is not enforceable. |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of AmericaFuture Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)